

NEWS FROM ED MARKEY

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**Statement of U.S. Representative Edward J. Markey (D-MA)
Ranking Democrat, House Subcommittee on Telecommunications and Internet
FCC Hearing - February 26, 2003**

Good Morning. I want to thank Chairman Upton for scheduling this morning's hearing with all 5 Members of the Federal Communications Commission.

Mr. Chairman, the FCC certainly has a full plate of issues to deal with this year. Starting with last Thursday's decision on issues addressing the future, (or lack thereof,) of competition for local telecommunications services, to upcoming plans to de-regulate certain services by "re-defining" them, to the troubling direction the Commission appears to be heading in supporting greater media concentration in our country, the FCC will make decisions in the coming months that will greatly affect prices consumers pay, the level of entrepreneurial opportunity, the prospects for job creation and innovation, and the health of our media marketplace.

Last Thursday, the FCC appears to have gotten it half right. By retaining the ability of States to address critical local competition issues in the so-called "UNE-P" policy area, the Commission took note of the fact that many States had cited this UNE-P competition to the Bell Companies as a basis for approving their applications to get into the long distance business. In addition, millions and millions of consumers not only have seen lower prices for local and long distance service from competitors, they have also seen lower local and long distance prices from the Bell Companies as well.

In Massachusetts, for example, Verizon recently announced – in response to such competition – that it was creating a "Variations Freedom" package that includes unmeasured, unlimited local, regional, long distance service, plus, home voice mail, caller ID, call waiting, three-way calling, and speed dialing of up to eight numbers, all for \$54.95 a month. To say that UNE-P does not foster competition simply ignores the every day reality of millions of Americans. I want to commend Commissioners Copps, Martin, and Adelstein for supporting clear consumer interests in this area.

Yet the FCC last week also got it half wrong. And for those interested in the future of broadband competition and the prospects for job growth and innovation in the digital era, the broadband policy decisions in the FCC decision are deeply troubling. And given the response of the Bell companies after the FCC rendered its decision it's clear that the result for the economy will be devastating. Any small, glowing ember of an economic recovery for the sector that existed has been effectively doused by the bucket of cold water the Bells threw on it after the FCC decision.

The broadband decision also reflects an apparent unwillingness or an inability to learn the lessons of the past.

In the late 1980s, immediately after the breakup of AT&T, the Bell companies sought relief of the restriction prohibiting them from entering the information services marketplace. They argued that if they were permitted into information services, that would give them the incentive to deploy fiber-to-the-home.

As Dave Barry might say, 'I am not making this up.'

Judge Harold Greene eventually let them into that business but they didn't deploy. Instead, they came back to Congress and the FCC and said that only if they were allowed into the cable TV business would they have the necessary revenue stream to deploy fiber-to-the-home. So in the Telecommunications Act, we bent over backwards to facilitate their entry into cable.

But again, they didn't get into cable to any great degree and they didn't deploy fiber-to-the-home. Why? Well, because they said they now needed "interLATA data relief" for the emerging Internet marketplace. When they finally got around to opening their markets and obtaining long distance approval in their respective States, as you can now guess: they didn't build out fiber-to-the-home. Neither did they criss-cross the country with newly-built long distance networks. They simply re-sold in large part the long distance services of AT&T, MCI and Sprint.

Yet by then they had a new request.

Again, I am not making this up.

They said that if you de-regulate their new investments for high speed service, take out pesky competitors in the broadband marketplace, and remove certain regulatory oversight, then they'd *really* be going gangbusters getting fiber out to people's homes. They wanted a policy of 'new wires, new rules.'

Last Thursday, three of you agreed to endorse this proposition. And almost immediately afterwards the Bell companies announced that they weren't going to invest. They will not deploy; that the premise of 4 years of legislation and months of your work at the FCC was nothing more than a "fiber fable."

By endorsing the policy of "new wires, new rules" the Bells say what we will now get is "no new hires, no new investment."

Do you feel betrayed? You guys look like Charlie Brown after Lucy pulls the football away. The Bells pulled it right out from under you.

I look forward to hearing from our witnesses this morning and again, thank the Chairman for calling this hearing.

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